

Agenda Item: III.B.

DATE: January 25, 2007

SUBJECT: Challenge 2010: Annual Master Plan Progress Report

ACTION RECOMMENDED: Information

BACKGROUND INFORMATION: The *Challenge 2010* report is the second in a series of five reports documenting progress toward meeting the 2010 goals of the *2005-2010 Master Plan for Tennessee Higher Education: Creating Partnerships for a Better Tennessee*. *Challenge 2010* replaces the *Conditions Report* and its predecessor, *Challenge 2000*, in responding to 1989 legislation calling for an annual accountability report on the status of higher education. The purpose for focusing *Challenge 2010* on Master Plan aspirations is to underscore the centrality of the nineteen planning goals in guiding State efforts to improve access, student preparation, affordability, and ensure excellence in Tennessee post-secondary education. *Challenge 2010* further integrates accountability reporting with existing accountability measures by embedding planning goal assessment into the THEC 2005-2010 Performance Funding Program. Staff will present the report as information.

**MASTER PLAN
2005 - 2010**



*Creating Partnerships
for a Better Tennessee*

**Challenge 2010
Annual
Master Plan Progress
2007 Report**

**TENNESSEE
HIGHER EDUCATION
COMMISSION**

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Challenge 2010

Annual Master Plan Progress 2007 Report

PREFACE

The coming years hold unprecedented opportunities for Tennessee higher education to forge new partnerships that will both broaden its scope and improve the fortunes of countless generations of Tennesseans. Through a focus on collaboration, the *2005-2010 Master Plan for Tennessee Higher Education* creates a broad-based public agenda that balances state and campus priorities and expands the role of higher education in improving the quality of life for all Tennesseans. The Plan challenges educational leaders to re-examine their traditional missions and create partnerships focusing on both state-wide and institutional priorities.

As Tennessee transitions into an economic era in which its fortunes will be determined more by the human capital potential of our citizens than by the state's physical capital and natural resources, higher education must begin to play a larger role in critical policy areas such as public health, industrial training and recruitment, economic and community development, and adult literacy. Given the strong correlation between educational attainment and the accumulation of social and economic status, education is increasingly cited as a prime determinant of economic well-being. In order for all Tennesseans to realize the direct and indirect benefits of post-secondary opportunities, higher education must broaden its traditional institutional focus to include a focus on statewide needs and priorities.

To assist Tennessee higher education in meeting the challenges of the coming decades, the Master Plan outlines a series of priorities that enhance the state's human capital infrastructure. Correspondingly, it frames a public agenda for education that brings together diverse constituencies, promotes a broad vision for state efforts to nurture our human capital potential, and demonstrates the significant role that post-secondary education plays in providing the foundation for knowledge expansion and economic competitiveness.

Purpose of the Annual Progress Report

2007 Annual Master Plan Progress Report:

The February 2007 *Annual Master Plan Progress Report* documents progress toward meeting the 2010 goals of *The 2005-2010 Master Plan for Tennessee Higher Education: Creating Partnerships for a Better Tennessee*.

The *Annual Master Plan Progress Report* underscores the centrality of the nineteen *Master Plan* goals in guiding State efforts to improve access, student preparation, and affordability and to ensure excellence in Tennessee post-secondary education. The genesis of the current report and its precursors was legislation calling for accountability in public higher education. To respond to this call for accountability, the *Annual Master Plan Progress Report* communicates accomplishments of public higher education toward meeting the nineteen goals of the Plan. The success of the *Master Plan* will be measured by evidence in 2010 that these goals have been reached and the following core policy questions have been answered in the affirmative:

CORE POLICY QUESTIONS – THE PUBLIC AGENDA

1. Are more Tennesseans prepared for post-secondary education?
2. Are more students enrolling in post-secondary education?
3. Are more students progressing through the educational pipeline?
4. Does college remain affordable for the average Tennessean?
5. Are Tennessee's local communities and economies benefiting from the policies articulated in the public agenda?

Integrated Accountability Reporting

For the 2005-10 Master Plan, the Commission worked diligently to unify all aspects of its accountability framework for public higher education in Tennessee. The five areas of emphasis articulated in the public agenda are directly linked to the assessments and performance benchmarks articulated in this report. Additionally, for the first time in the state's long and storied history of performance funding, the *State Master Plan* goals and associated assessment measures are directly tied to institutional performance measures. Institutional funding is implicitly linked to performance along a series of areas critical to the public agenda such as student retention and persistence, the expansion of college access opportunities to traditionally under-served groups, and the protection and promotion of financial aid opportunities for needy Tennesseans. Additionally, a host of other existing quality evaluations central to the mission of higher education and of critical importance to the general public have been integrated into the *Annual Master Plan Progress Report*. Among these quality measures are research productivity by public universities; contributions of higher education to workforce development in preparing graduates for targeted employment fields; an array of Tennessee P-16 issues, such as increasing student readiness for college and improving the strength of teacher preparation; and institutional mission-related contributions by Centers and Chairs of Excellence. In short, *Challenge 2010: the Annual Master Plan Progress Report* proposes to keep key access, preparation, affordability, and excellence goals of the five-year plan continuously in the forefront of State and institutional decision-making. By bringing continuity to

reporting on *State Master Plan* goals, the annual report will serve as a primary accountability document addressed to the General Assembly and to the public.

Data Sources: It should be noted that data for public institutions referred to in these reports are drawn from the state's higher education data system and are carefully edited and audited. Financial data are drawn from records of the Commission and the Department of Finance and Administration. Information for independent colleges comes from several sources including the Southern Regional Education Board Fact Book and Data Exchange and the IPEDS (Integrated Postsecondary Education Data Systems) collected by the U.S. Department of Education.

History of Accountability Reports

Responding to an Act of the General Assembly in 1989, the Tennessee Higher Education Commission developed goals for public higher education for the final decade of the 20th century. The Commission determined that an annual report, titled *Tennessee Challenge 2000*, would be made to the Legislature. In the Second Session of the 97th General Assembly, an act was passed (Public Chapter 739) which expanded the *Challenge 2000 Report*. The *Condition of Higher Education in Tennessee* (issued from 2002-2005) subsequently reported on progress toward accountability measures developed in concert with the University of Tennessee system, the Tennessee Board of Regents, and Tennessee independent colleges and universities. Effective with the implementation of the *2005–2010 Master Plan*, the *Challenge 2010* report is issued as its assessment component for the life of the planning cycle and has replaced the *Conditions* document as the annual accountability report.

Goals of the 2005-10 Master Plan

The 2005-2010 Master Plan is built upon a rich tradition of educational excellence in Tennessee. Through the tireless efforts of faculty and staff in the state's public and private institutions, the state has been able to weather the difficult financial period of the late 1990s and maintain a complement of academic programs that are nationally recognized for excellence. However, while our state is recognized for institutional and programmatic excellence, a host of policy reports indicate that much work remains to be done to create a state-wide system of excellence that fosters the broad goals of a public agenda for higher education. It is from this framework that the Plan seeks to develop a new paradigm for Tennessee higher education that supports the vision articulated below.

Through the establishment of a public agenda built upon civic, corporate, and community partnerships, Tennessee higher education will be able to better serve the broad needs of the state and create a workforce that is able to compete in the Knowledge Economy. Such partnerships will ensure that all students are prepared for post-secondary education and have access to high quality educational programs that expand knowledge creation and civic responsibility.

To reach the goals of this vision, Tennessee must develop:

- **Partnerships for access** that focus on the human capital aspects of increasing educational attainment levels. If the state is to move forward in the Knowledge Economy, it must make greater strides to ensure that more Tennesseans participate in higher education.
- **Partnerships for student preparation** that create an invigorated P-16 system which works to ensure that all students are prepared for post-secondary education and eventual entry into the workforce.
- **Partnerships for affordability** through the construction of funding and finance policy which ensures that all students are able to participate in higher education. Given the funding shift from state support to student fees, greater attention and effort must be placed on the promotion and expansion of need-based aid programs. Furthermore, the state should establish system-level affordability through the broad utilization of community colleges and technology centers as enhanced access options for Tennesseans, especially non-traditional students, while concurrently working to strengthen and promote student transfer and articulation.
- **Partnerships for educational excellence** that enable the state to become more competitive in the national market for sponsored research dollars. Tennessee has developed outstanding academic and research facilities and investing in and utilizing these facilities is crucial to excellence in research. Through the creation of targeted funding to enhance mission specific research initiatives, institutions will be able to attract world-renowned faculty, encourage economic and community development, and enhance teaching and research activities.

The broad areas of focus articulated in this Plan provide a vision for Tennessee higher education that enhances and expands the role of our colleges and universities in economic and community development, knowledge creation, job growth, and public health. The Plan serves as a blueprint for post-secondary education in Tennessee for 2005-2010.

The *Challenge 2010: Annual Master Plan Progress Report* is organized around the four partnership areas, each with its specific goals. The *2006 Master Plan Progress Report* established the reporting Baseline, which was current year data or most recent year available, and it identified the Assessment, the measure by which progress will be evaluated. This year's report marks the progress made on each goal and serves as an indication of the improvement necessary to reach the target in 2010. Notations after specific goals show where Performance Funding Program assessments serve as the accountability model for *Challenge 2010* (the asterisk by the goal indicates that goal attainment is measured through the 2005-2010 Performance Funding standards). The *2005-2010 Master Plan* marks the first time that priority has been placed on integrating performance evaluation with State planning goal assessment toward creating an accountability document for the legislature and the general public.

PARTNERSHIPS FOR ACCESS

More Tennesseans must reap the benefits of higher education if the state is to enhance its economic viability through an improved workforce and healthier citizenry. As Tennessee transitions into the Knowledge Economy, one important phenomenon should not be overlooked in the planning process: the need to expand significantly and enhance educational access opportunities for all Tennesseans. In addition to a burgeoning traditional college-aged population, the number of non-traditional students will need to increase in higher education. This new reality poses both challenges and opportunities for Tennessee. As a result, state policies and individual institutions must recognize this changing dynamic.

Both the state and individual citizens stand to benefit from increased access to higher education. At the state level, a better educated citizenry yields: increases in personal income and thus state tax revenues; decreases in unemployment rates; improved workforce flexibility and better economic activity across the state; fewer demands on expensive social services and governmental financial support; and enhanced participation in civic and community life. Likewise, individuals will benefit as increases in educational attainment yield increased salaries and benefits, better employment opportunities, and, consequently, enhanced health and life expectancy. With greater attention placed on these mutual benefits, Tennessee must recognize higher education as a sound investment and promote access to life-long learning for all Tennesseans.

Tennessee's present performance and readiness to address this reality is limited. According to the most recently available Census data, only 47 percent of adults in the state have some college experience, which is eight percent below the national average. Tennessee also trails national averages with respect to educational attainment levels for adults aged 25 and older, as the state average of 21.8 percent is a full five percent below the national average. These data serve to illustrate the importance of the need to improve access opportunities for all Tennesseans, thereby providing a foundation for reaching the vision for higher education articulated in the public agenda. Unless greater attention and resources are brought into the fold to provide a foundation for expanding access to post-secondary education, the economic future of Tennessee is at risk.

While the number of students aged 25 and older enrolled in the public sector has not changed, their proportion of the overall undergraduate public student population has declined slightly. However, this decrease has not effected overall enrollment in Tennessee public institutions. Traditional aged students continue to see increased enrollment with 1,098 (4.3 percent) additional recent high school graduates attending college. In addition to increased enrollment, an increase in the number of graduates in areas critical to the workforce has increased by 2.6 percent.

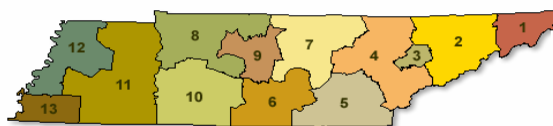
Overall, access to higher education is improving but more work needs to be done to include a diverse population of students. In order to achieve this end, the following goals aim to promote and expand educational access.

- 1.1 Ensure that access to post-secondary education is available across the diverse regions of Tennessee.

Assessment: Number of students aged 25 and older enrolled in public institutions (delineated by Workforce Investment Area)

Target: By 2010, the number of students aged 25 and older will increase by five percent across all workforce investment areas.

Baseline:



Enrollment of Students Age 25 or Older Fall 2005			
Investment Area	Enrollment	Investment Area	Enrollment
1	5,067	8	6,510
2	3,403	9	10,210
3	5,310	10	1,929
4	3,913	11	2,828
5	7,144	12	2,089
6	1,888	13	12,509
7	2,297	Total	65,097

Progress:

Enrollment of Students Age 25 or Older Fall 2006			
Investment Area	Enrollment	Investment Area	Enrollment
1	5,001	8	6,700
2	3,344	9	10,154
3	5,184	10	1,849
4	4,011	11	2,948
5	6,974	12	2,189
6	1,968	13	12,649
7	2,343	Total	65,314

*1.2 Increase the percentage of African-American and Hispanic students enrolled in higher education.

Assessment 1: College enrollment and demographic proportions of African-Americans (18-24 year old cohort)

Target: By 2010, the proportion of African American students enrolled in Tennessee higher education will equal that of the overall state population. According to the 2000 census, the proportion African-Americans aged 18-24 comprised 20.13 percent of the overall population for this age cohort.

Baseline: African-Americans as a percent of overall undergraduate population in 2005: 19.28 percent (34,080 students)

Progress: African-Americans as a percent of overall undergraduate population in 2006: 19.13 percent (34,616 students)

Assessment 2: College enrollment and demographic proportions of Hispanic-Americans (18-24 year old cohort)

Target: By 2010, the proportion of Hispanic students enrolled in Tennessee higher education will equal that of the overall state population. According to the 2000 census, the proportion Hispanics aged 18-24 comprised 2.1 percent of the overall population for this age cohort.

Baseline: Hispanic students as a percent of overall undergraduate population in 2005: 1.65 percent (2,912 students)

Progress: Hispanic students as a percent of overall undergraduate population in 2006: 1.71 percent (3,104 students)

1.3 Increase the percentage of recent high school graduates participating in post-secondary education.

Assessment: Overall number of recent high school graduates enrolled in the public community college and university sectors.

Target: By 2010, the number of students enrolled will increase by five percent over the baseline.

Baseline: 25,512 recent high school graduates enrolled as first time freshman (Fall 2005)

Progress: 26,610 recent high school graduates enrolled as first time freshman (Fall 2006)

1.4 Increase the number of non-traditional students participating in post-secondary education, especially in the community college sector.

Assessment: Number of adults students aged 25 and older enrolled in the community college sector.

Target: Meet or exceed the participation rate of adult students as indexed against total public undergraduate enrollment for the SREB states (37.8 percent).

Baseline: 31 percent of total enrollment (54,480 adult; 176,748 total)

Progress: 30 percent of total undergraduate enrollment (54,749 adult; 180,998 total)

- 1.5 Increase the number of students entering academic programs identified as critical workforce areas.

Assessment: The number of graduates in the areas central to the public agenda. According to the Bureau Labor and Statistics (2004), the labor market sectors that will experience pronounced growth include Education, Health Services, and a host of new economy jobs related to Information Technology, Engineering, and the sciences.

Target: Increase the number of graduates in the critical work force areas (Computer and Information Sciences, Education, Engineering, and Health Professions).

Baseline: 9,587 graduates in 2004-05

Major Taxonomy	Undergraduate	Graduate	Total
Computer & Info Sciences	437	79	516
Education	626	2315	2,941
Engineering	1,400	435	1,835
Health Professions	3,349	946	4,295
Grand Total	5,812	3775	9,587

Progress: 9,837 graduates in 2005-06

Major Taxonomy	Undergraduate	Graduate	Total
Computer & Info Sciences	417	61	478
Education	592	2,480	3,072
Engineering	1,375	363	1,738
Health Professions	3,580	969	4,549
Grand Total	5,964	3,873	9,837

PARTNERSHIPS FOR STUDENT PREPARATION

If the state is to realize its human capital potential, significant investments must be made to create and nurture an integrated system of education stretching from early childhood through post-secondary education. This P-16 framework challenges policymakers to consider the implications of public policy for the entire education pipeline. Furthermore, it clarifies issues and offers a setting for consensus on contentious initiatives such as standardized testing, remedial and developmental instruction, improved teacher training and quality, and the sharing of student information across educational sectors. The P-16 framework provides an opportunity for Tennessee to acquire both a common voice and consistent plan to reach the broad vision for education outlined in the Master Plan.

When one examines the P-16 educational pipeline from a holistic perspective gaps are evident across all educational sectors, however Tennessee is making progress. The findings that follow indicate that there have been tremendous strides within student preparation – particularly in regards to the number of ninth graders who finish college within six years of entry. Currently, 17 of 100 ninth graders complete college compared to 14 of 100 in 2000. This increase has moved Tennessee from 38th to 32nd in national rankings. There are several important indicators within this statistic that are noteworthy: 1) high school graduation rates have increased from 55 to 63 percent; 2) the percentage of the ninth grade cohort who enter college has increased from 34 to 39 percent; and 3) the number still enrolled their sophomore year has increased from 23 to 27 percent.

Most other indicators have remained steady with slight gains in community college retention and graduation rates. While progress has been minimal, much work is being done to better align the curriculum for success in post-secondary education and improve retention and graduation rates in higher education. The following indicators report the progress on these initiatives.

- 2.1 Establish an integrated and seamless system of education from ninth grade through fourth year of college that emphasizes the continuity of student learning and focuses on alignment across educational sectors.

Assessment: Educational pipeline data from the National Center for Higher Education Management Systems

Target: The educational pipeline data for Tennessee will meet or exceed the national average.

Baseline: For every 100 ninth graders, 14 graduate from college within six years.

2000					
State	For every 100 Ninth Graders	Graduate from High School	Enter College	Still Enrolled Sophomore Year	Graduate within 6 years
Virginia	100	74	39	30	20
Delaware	100	61	36	28	19
Maryland	100	74	40	30	18
North Carolina	100	59	38	28	18
West Virginia	100	75	39	27	15
Tennessee (38th)	100	55	34	23	14
Florida	100	55	32	23	14
South Carolina	100	51	34	23	14
Kentucky	100	66	39	25	13
Mississippi	100	56	36	23	13
Alabama	100	59	34	23	13
Arkansas	100	74	39	26	12
Georgia	100	52	32	21	12
Louisiana	100	56	33	22	12
Oklahoma	100	73	36	23	12
Texas	100	62	32	19	11
Nation	100	67	38	26	18

Progress: For every 100 ninth graders, 17 graduate from college within six years.

2004					
State	For every 100 Ninth Graders	Graduate from High School	Enter College	Still Enrolled Sophomore Year	Graduate within 6 years
Virginia	100	73	42	31	22
Delaware	100	65	36	26	20
Maryland	100	74	43	30	19
North Carolina	100	64	41	28	19
Tennessee (32nd)	100	63	39	27	17
West Virginia	100	73	39	26	16
Arkansas	100	75	42	27	15
Florida	100	55	30	21	15
Oklahoma	100	74	39	23	15
South Carolina	100	52	35	23	15
Georgia	100	54	35	23	14
Louisiana	100	67	37	26	14
Alabama	100	60	37	23	14
Texas	100	68	35	22	13
Kentucky	100	65	37	24	12
Mississippi	100	60	36	23	11
Nation	100	70	39	27	18

2.2 Link K-12 curricula with post-secondary offerings to ensure that all students are prepared for post-secondary education.

Assessment: Status of curricula alignment process and university admission policy

Target: By 2009-10, four units of mathematics will be required for high school graduation and for university admission.

Baseline: In 2005-06, three units of mathematics are required for high school graduation and university admission.

Progress: The State P-16 Council's Mathematics Curricula Alignment Committee has mapped State high school mathematics standards (for Algebra I, Algebra II,

Geometry, and four advanced mathematics courses) against ACT standards for the ACT math Benchmarks for Success. This work is directly consonant with the State Department of Education and the State Board of Education's High School Redesign goals regarding changes in required high school mathematics units.

- *2.3 Increase the percentage of recent high school graduates who transition successfully from high school to post-secondary education.

Assessment: High school students transitioning to college

Target: By 2009-10, the percentage of recent high school graduates enrolled in post-secondary education will equal or exceed the transition rate for the best performing (top quartile) SREB states. For the 2002 graduating class, the SREB top quartile transition rate was 62.8 percent.

Baseline: High school transition rate in Tennessee for the 2002 class: 60.6 percent.

Progress: High school transition rate in Tennessee for the 2002* class: 60.6 percent.
* *Most recent data available.*

- 2.4 Reduce the number of recent high school graduates who need remedial or developmental education.

Assessment: Percentage of first-time freshmen aged 18 years of age or younger (recent high school graduates) taking remedial and/or developmental studies courses at the university level.

Target: By 2009-10, the number of recent high school graduates in university remedial and/or developmental studies courses will be reduced by 20 percent. (N=2,145)

Baseline: For the fall 2005 term, 2,681 students (recent high school graduates) were enrolled in remedial and/or developmental studies courses at the university level.

Progress: For the fall 2006 term, 2,290 students (recent high school graduates) were enrolled in remedial and/or developmental studies courses at the university level.

- *2.5 Increase retention and graduation rates for all students across public post-secondary education to equal or exceed regional averages.

Assessment 1: Retention rates (first to second year) – public universities

Target: By 2009-10, Tennessee will reach the SREB average retention rate of 85 percent for 2001 entering cohort.

Baseline: Fall to fall retention rate for Tennessee public universities in 2004-05: 81.8 percent.

Progress: Fall to fall retention rate for Tennessee public universities in 2005-06: 82.0 percent.

Assessment 2: Graduation rates - public universities

Target: By 2009-10, Tennessee will equal or exceed the graduation rate for the best performing (top quartile) SREB states. For the 1997 entering cohort, the SREB top quartile graduation rate was 65 percent.

Baseline: Six year graduation rate for Tennessee public universities in 2004-05: 49.76 percent

Progress: Six year graduation rate for Tennessee public universities in 2005-06: 50.48 percent.

Assessment 3: Retention rates (first to second year) – public community colleges

Target: By 2009-10, Tennessee will reach the SREB average retention rate of 64 percent for the 2001-02 entering cohort.

Baseline: Fall to fall retention rate for Tennessee public community colleges in 2004-05: 58.1 percent.

Progress: Fall to fall retention rate for Tennessee public community colleges in 2005-06: 59.2 percent.

Assessment 4: Graduation rates – public community colleges

Target: By 2009-10, Tennessee will reach the SREB average graduation rate of 43 percent for 2003-04.

Baseline: Three year graduation rate for Tennessee public community colleges in 2004-05: 30.5 percent.

Progress: Three year graduation rate for Tennessee public community colleges in 2005-06: 31.0 percent.

PARTNERSHIPS FOR AFFORDABILITY

The composition of higher education funding has changed markedly over the last decade. State appropriations for higher education have declined as a percentage of public college operating revenue, while tuition and fee revenue has nearly doubled after adjusting for inflation. In 2003-2004, for the first time in the history of higher education in Tennessee, public universities collected more revenue from students than from the state.

Traditionally, higher education finance policy in Tennessee has ensured the equitable distribution of state appropriations among institutions, often with an associated across-the-board fee increase for all institutional sectors. While this methodology appears equitable, it ignores institutional mission differentiation and falsely assumes that state appropriations have an equal impact wherever they are appropriated. The funding paradigm required to support the goals of the public agenda must not only create incentives that protect the academic core, but must also ensure that policy mechanisms are enacted that protect affordability. Such mechanisms could eventually lead to a shift in state support so that affordability is protected at those institutions that offer access opportunities for students at the lowest cost, the community college and technology centers, while allowing the universities to expand student generated revenues and other funding sources as their primary funding mechanisms. This new funding paradigm challenges all institutions to maximize efficiencies in order to minimize costs and protect affordability.

Legislative attention to student financial aid has increased funding for the Tennessee Student Assistance Award (TSAA). However, even with the doubling of TSAA funds over the past five years, Tennessee continues to trail peer states in terms of need-based financial aid resources available for students. Even with the creation of the lottery scholarship program, the coupling of static appropriations and increasing tuition has had an adverse effect on college affordability as many families are in effect being "priced out" of public higher education.

Early assessment indicates that Tennessee has not improved in regards to most of its affordability measures. While financial aid award per FTE has increased almost 200 percent, the majority of this increase is associated with the merit-based portion of the Tennessee Education Lottery Scholarship award. Future analysis will allow us to parse out the need-based component.

The proportion of the median household income required to pay for community college tuition has also increased from 5.7 to 6.2 percent - ranking Tennessee the fifth highest of the 16 SREB states. Tennessee has also incurred a lower proportion of the higher education formula being funded through revenue sources. The portion funded decreased from 98.9 to 95.1 percent between 2004-05 and 2006-07.

- 3.1 Promote affordability via an increased focus on need-based financial aid, both at the state and institutional levels.

Assessment: Financial aid award per FTE (undergraduate)

Target: By 2009-10, the average award per FTE will equal or exceed the NASSGAP national average (2004-05: \$562 per FTE)

Baseline: Average financial aid award per FTE in 2003-04: \$211

Progress: Average financial aid award per FTE in 2004-05: \$620

3.2 Ensure that community college tuition rates remain affordable.

Assessment: Index of community college tuition to median household income

Target: By 2009-2010, the tuition index for Tennessee will be equal to or less than the SREB average (4.4 percent).

Baseline: The tuition index (2004 Median CC tuition/2004 Median Household Income) is 5.7 percent.

State	Median 2 Yr Tuition 2004-05	2004 Median Household Income	Percent	SREB Rank
Alabama	\$2,700	\$36,579	7.4%	3
Arkansas	\$1,760	\$34,963	5.0%	8
Delaware	\$2,088	\$47,968	4.4%	12
Florida	\$1,773	\$40,554	4.4%	11
Georgia	\$1,656	\$40,970	4.0%	13
Kentucky	\$2,760	\$35,643	7.7%	2
Louisiana	\$1,836	\$36,440	5.0%	7
Maryland	\$2,806	\$57,319	4.9%	9
Mississippi	\$1,600	\$34,930	4.6%	10
North Carolina	\$1,255	\$40,365	3.1%	16
Oklahoma	\$2,109	\$39,681	5.3%	6
South Carolina	\$2,836	\$38,747	7.3%	4
Tennessee	\$2,187	\$38,223	5.7%	5
Texas	\$1,345	\$41,326	3.3%	15
Virginia	\$2,006	\$51,438	3.9%	14
West Virginia	\$2,624	\$33,286	7.9%	1
SREB Average	\$1,785	\$40,527	4.4%	

Progress: The tuition index (2005 Median CC tuition/2005 Median Household Income) is 6.2 percent.

	Median 2 Yr	2005 Median		SREB
State	Tuition 2005-06	Household Income	Percent	Rank
Alabama	\$2,700	\$36,879	7.3%	4
Arkansas	\$1,840	\$34,999	5.3%	7
Delaware	\$2,196	\$52,499	4.2%	12
Florida	\$1,911	\$42,433	4.5%	11
Georgia	\$1,742	\$45,604	3.8%	14
Kentucky	\$2,940	\$37,369	7.9%	1
Louisiana	\$1,877	\$36,729	5.1%	9
Maryland	\$2,927	\$61,592	4.8%	10
Mississippi	\$1,726	\$32,938	5.2%	8
North Carolina	\$1,324	\$40,729	3.3%	16
Oklahoma	\$2,270	\$37,063	6.1%	6
South Carolina	\$3,000	\$39,316	7.6%	3
Tennessee	\$2,395	\$38,874	6.2%	5
Texas	\$1,430	\$42,139	3.4%	15
Virginia	\$2,134	\$54,240	3.9%	13
West Virginia	\$2,624	\$33,452	7.8%	2
SREB Average	\$1,921	\$41,678	4.6%	

- 3.3 Ensure that all institutions are able to establish “total revenue adequacy” through a combination of state and student sources.

Assessment: Percent of formula funded from all sources

Target: 100 percent of formula need funded from all revenue sources

Baseline: 98.9 percent of total formula need funded from all sources in 2004-05

Progress: 95.1 percent of total formula need funded from all sources in 2006-07

- 3.4 Develop, support, and maintain a new funding formula for higher education aligned with the objectives of the THEC Master Plan.

Assessment: THEC will annually review the funding formula to determine if the model appropriately includes various fiscal incentives and disincentives that link to the THEC Master Plan.

Target: By 2009-10, the funding formula will be fully operational in addressing the goals of the THEC Master Plan.

Baseline: In 2005, a new funding formula was approved by the THEC with the provision that the formula will be reviewed annually by the Formula Advisory Committee and revised when necessary to reflect policy change.

PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

Tennessee higher education is comprised of a wide demographic cross-section of students and a diversity of institutions in both the public and private sectors. These institutions have differences in mission, and these mission distinctions govern the types and levels of degrees offered, focus research and service aspirations, direct internal resource allocation, and anchor strategies for ensuring student access. System strategic plans and the institutional plans derived from them build on these mission distinctions, especially in planning for increased educational excellence in the quality of programs and services and in the caliber and support of faculty. A difficult task for educational planners is to reconcile the seemingly conflicting missions of increasing access and maintaining affordability while simultaneously facilitating student success and maximizing institutional quality.

While creating access to an affordable education is one of the highest priorities for the state, these needs should not be addressed in a way that diminishes opportunities for highly qualified and performing students, i.e. the best and brightest. In addition, adapting to the needs of the growing Knowledge Economy should not lead to an abandonment of the ideals and principles upon which institutions of higher education were founded. Higher education serves a broader role in the civic and cultural realm than simply preparing students for the workforce. In fact, the traditional liberal arts core remains as the heart of academe, for all students must possess a broad appreciation of literature, the arts, and the humanities if they are to be active participants in our civic democracy.

The enhancement of education excellence in the state's post-secondary institutions will ultimately benefit the quality of life for all Tennesseans, for our institutions will train tomorrow's health care providers, develop technology that will facilitate competitiveness in the Knowledge Economy, educate the teachers of our children, and attract a variety of cultural and entertainment venues that will bring communities and neighborhoods together.

Overall, Tennessee has improved on several measures pertaining to educational excellence. While public higher education has experienced a 1 percent decrease in faculty salaries at four-year institutions, salaries have increased by 1.5 percent within the community college sector. Secondly, there was a 13 percent increase in research revenue between 2004-05 and 2005-06. Finally, the cumulative passage rate on professional licensure examinations increased from 85.2 percent in 2003-04 to 89.5 percent in 2004-05. These trends in measures that relate to educational quality indicate improvement on several fronts.

- 4.1 Increase faculty salaries as a means to attract and retain world-renowned faculty and thereby expand the research enterprise in public post-secondary education and enhance teaching, learning, and research activities across the state.

Assessment: Faculty salary levels by SREB classification:

Level 1	UT Knoxville Institutions awarding at least 100 doctoral degrees that are distributed among at least 10 CIP categories with no more than 50 percent in any one category
Level 2	University of Memphis Institutions awarding at least 30 doctoral degrees that are distributed among at least 5 CIP categories
Level 3	East Tennessee State University, Middle Tennessee State University, Tennessee State University, and UT Chattanooga Institutions awarding at least 100 master's, education specialist, post-master's, or doctoral degrees with master's distributed among at least 10 CIP classifications
Level 4	Austin Peay State University and Tennessee Tech University Institutions awarding at least 30 master's education specialist, post-masters or doctoral degrees distributed among at least 5 CIP classifications
Level 5	UT Martin Institutions awarding at least 30 master's, education specialist, post-master's, or doctoral degrees.

Target: By 2009-10, average faculty salaries for Tennessee institutions will meet or exceed the SREB average for institutional classification.

Baseline:

2004-05	SREB	Tennessee	Percentage
Level 1	\$73,161	\$69,788	95.4%
Level 2	\$67,015	\$59,775	89.2%
Level 3	\$56,461	\$55,447	98.2%
Level 4	\$54,118	\$55,836	103.2%
Level 5	\$50,275	\$51,593	102.6%
All Univs.	\$63,768	\$60,110	94.3%
All 2-Yr.	\$45,248	\$43,822	96.8%
All Tech Centers	\$41,205	\$35,354	85.8%

Progress:

2005-06	SREB	Tennessee	Percentage
Level 1	\$75,688	\$71,340	94.3%
Level 2	\$69,216	\$63,850	92.2%
Level 3	\$58,184	\$55,987	96.2%
Level 4	\$55,155	\$56,449	102.3%
Level 5	\$52,233	\$53,741	102.9%
All Univs.	\$65,966	\$61,617	93.4%
All 2-Yr.	\$46,732	\$45,959	98.3%
All Tech Centers	\$41,020	\$34,920	85.1%

- *4.2 Increase extramural research and development funding to Tennessee institutions across the remainder of the decade.

Assessment: Total restricted and unrestricted research revenues

Target: At or above prior year (2003-04 restricted and unrestricted revenues - \$276,504,357)

Baseline: 2004-05 restricted and unrestricted research revenues - \$298,613,481

Progress: 2005-06 restricted and unrestricted research revenues - \$337,518,707

- 4.3 Encourage collaboration among public and private institutions, the business community and the state of Tennessee that foster and promote the expansion of research capacities, technology transfer, and intellectual capital.

Assessment: Percentage of Tennesseans with baccalaureate degree

- Target:** By 2009-10, the percentage of Tennessee citizens with baccalaureate degrees will reach the 2005 national average of 27.2 percent (American Community Survey).
- Baseline:** Percent of adults with a baccalaureate degree or above in 2003: 21.5 percent.
- Progress:** Percent of adults with a baccalaureate degree or above in 2005: 21.8 percent.
- *4.4 Reinvalidate the centers and chairs of excellence/emphasis so that they enhance institutional and state priorities.
- Assessment:** Process of evaluation and revision of the centers and chairs of excellence/emphasis.
- Target:** All chairs and centers demonstrate enhancement of institutional and state priorities and sound financial status.
- Baseline:** The effectiveness of existing centers and chairs is determined through a 2006 THEC-directed evaluation of all entities to validate current focus or redirect resources to ensure consonance with institutional mission.
- Progress:** The Centers of Excellence and Emphasis are currently undergoing a self-evaluation and will supply benchmarks and propose any changes to the centers by March 1, 2007.
- *4.5 Improve educational quality, as evidenced through students' achievement, as a means to encourage life-long learning and to prepare students for the workforce.
- Assessment 1:** Passage rates on professional licensure examinations in medicine, dentistry, engineering, nursing, law, pharmacy, and physical therapy.
- Target:** By 2009-10, the average cumulative pass rate on licensure examinations will remain above 85 percent.
- Baseline:** In 2003-04, the average cumulative pass rate on licensure examinations was 85.2 percent.
- Progress:** In 2004-05, the average cumulative pass rate on licensure examinations was 89.5 percent.
- Assessment 2:** Community college job placement rate
- Target:** By 2009-10, the average community college placement rate will remain above 90 percent.
- Baseline:** In 2004-05, 92 percent of community college graduates were placed in jobs related to their degree.
- Progress:** In 2005-06, 92 percent of community college graduates were placed in jobs related to their degree.

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